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Energizing the World, Bettering People's Lives

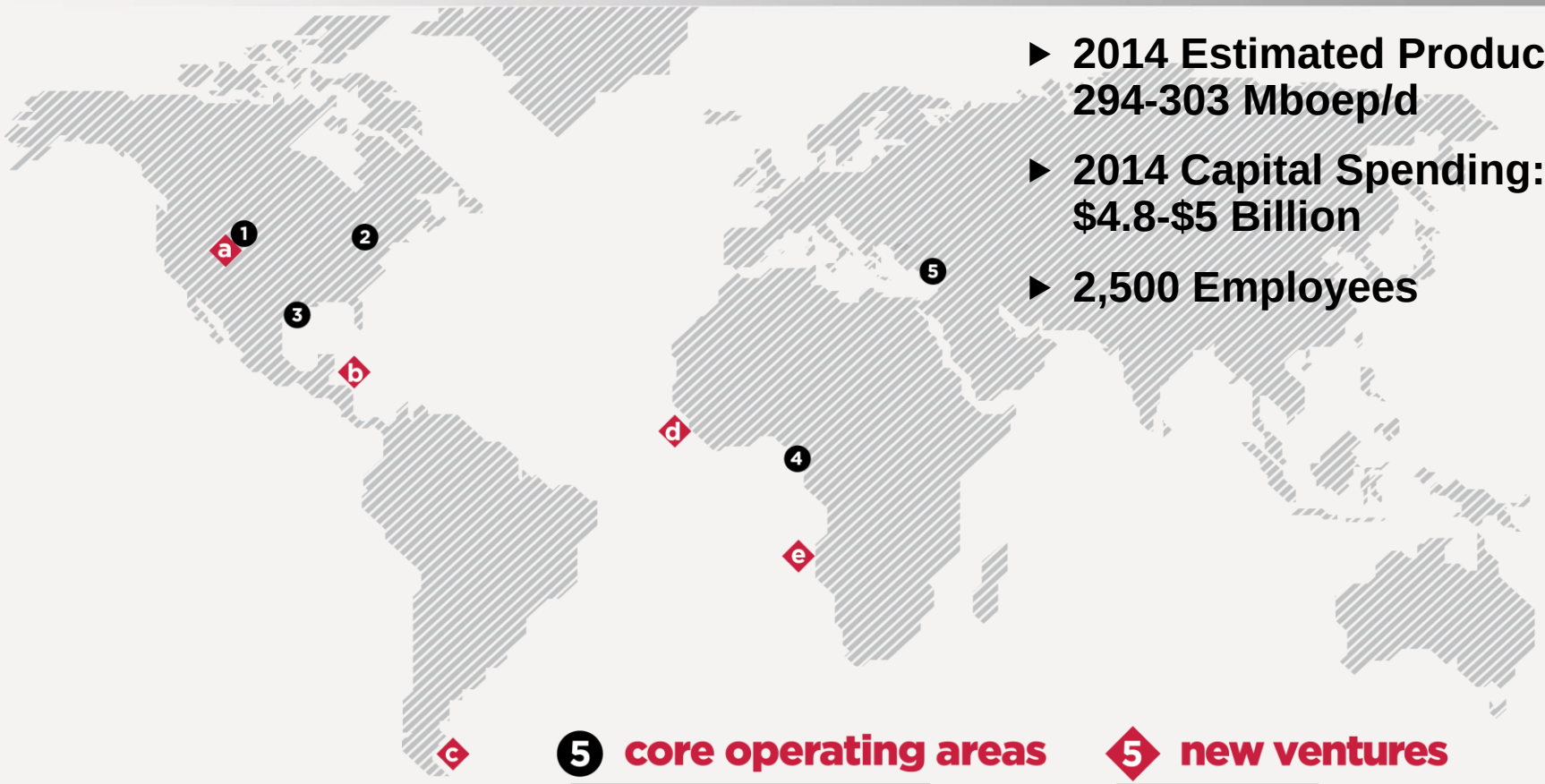
NEVADA EXPLORATION PROJECT

Thursday, August 28, 2014

Northeastern Great Basin Resource Advisory Council

A Global Independent Exploration and Production Company

Energizing the World, Bettering People's Lives



- 2014 Estimated Production: 294-303 Mboep/d
- 2014 Capital Spending: $4.8-$5 Billion
- 2,500 Employees

5 core operating areas

1. DJ Basin
2. Marcellus Shale
3. Gulf of Mexico
4. West Africa
5. Eastern Mediterranean

5 new ventures

- a Nevada
- b Nicaragua
- c Falkland Islands
- d Sierra Leone
- e Gabon

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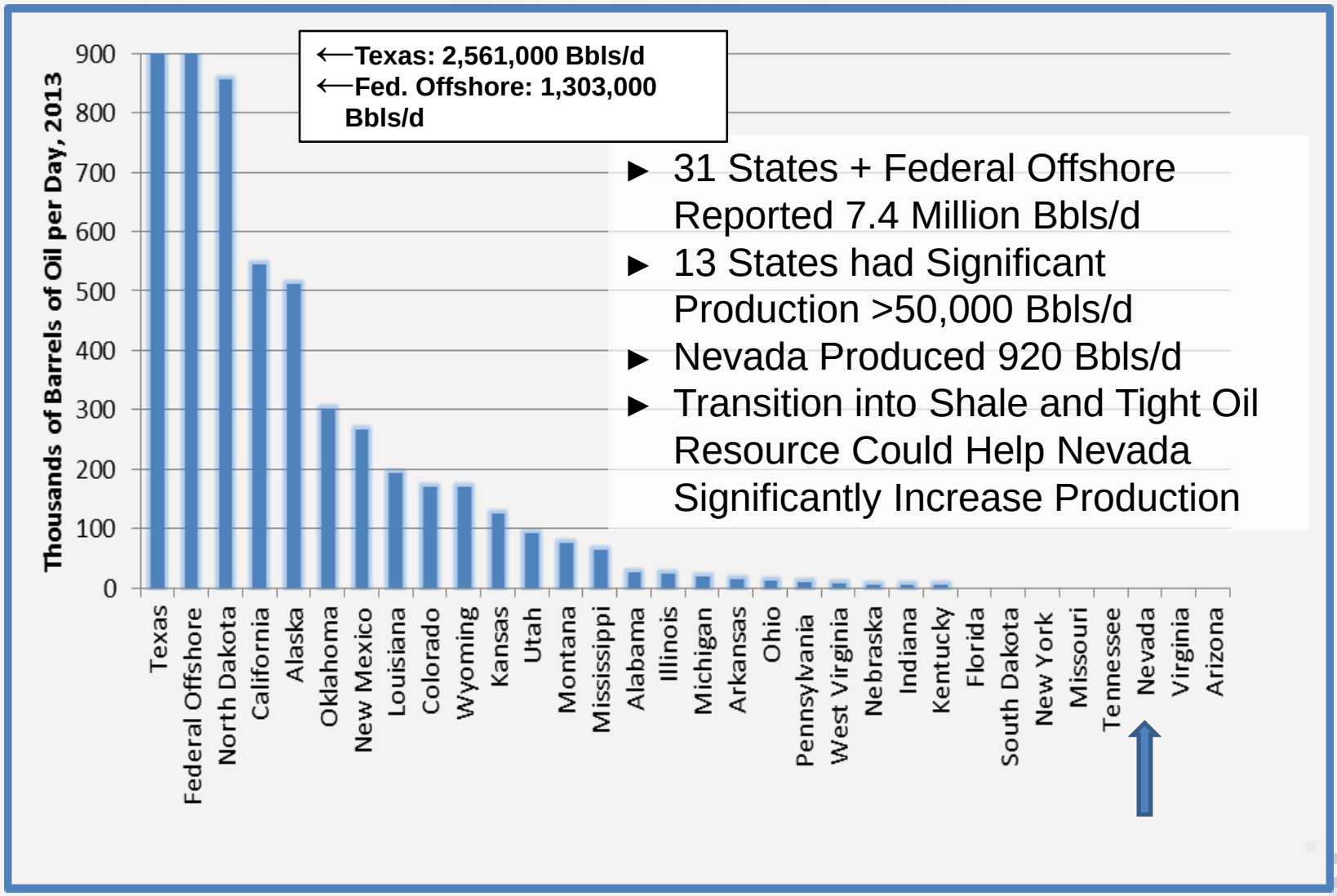
2013 Production by State

Barrels per day (Bbls/d)



Source: U.S. Energy Administration (EIA)

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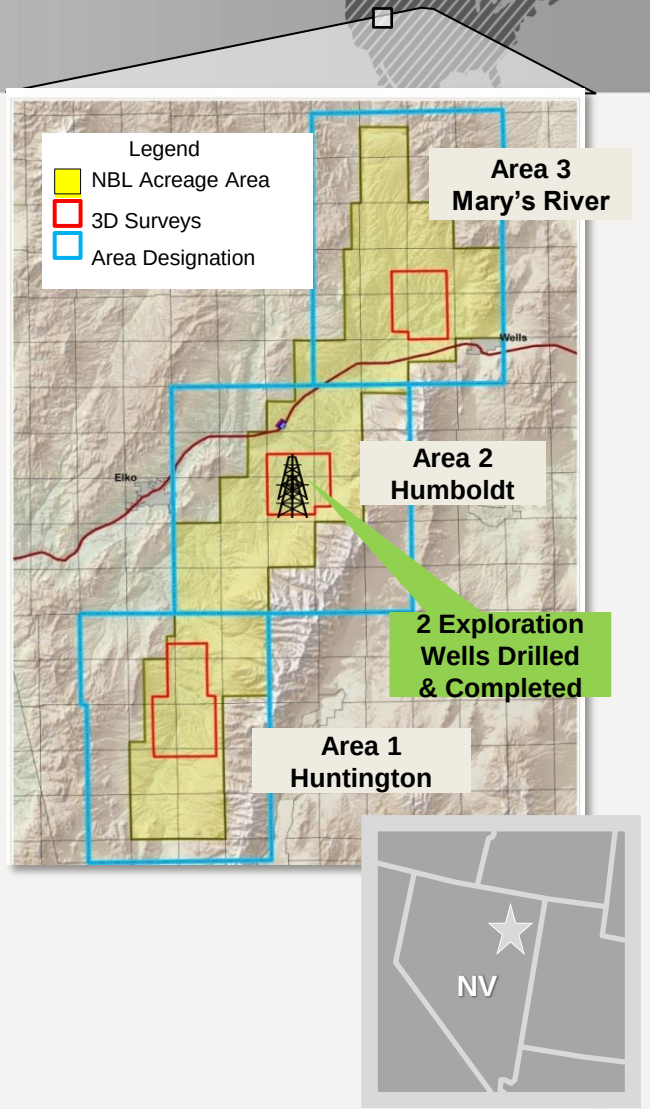
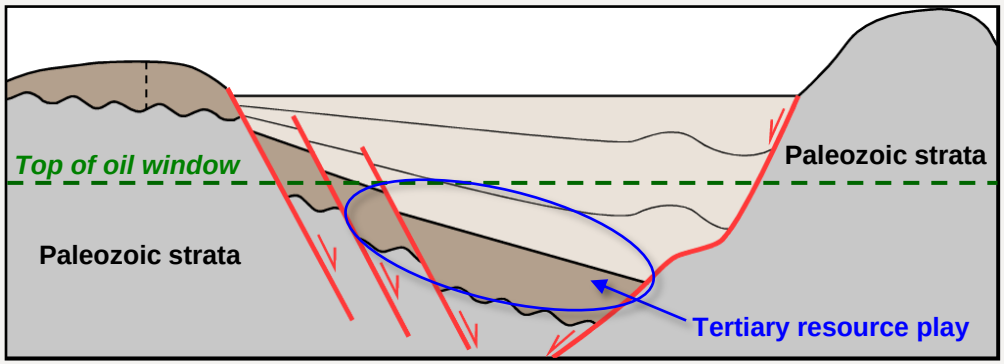
Northeast Nevada Exploration

- **372,000 Net Acres**
  - 66% private acreage, 34% federal
- **Play Characteristics**
  - Target depth range 6,000 - 12,000 ft.
  - Unconventional tight oil prospect
  - Hydraulic fracture stimulation required
- **Pilot Test to determine viability**





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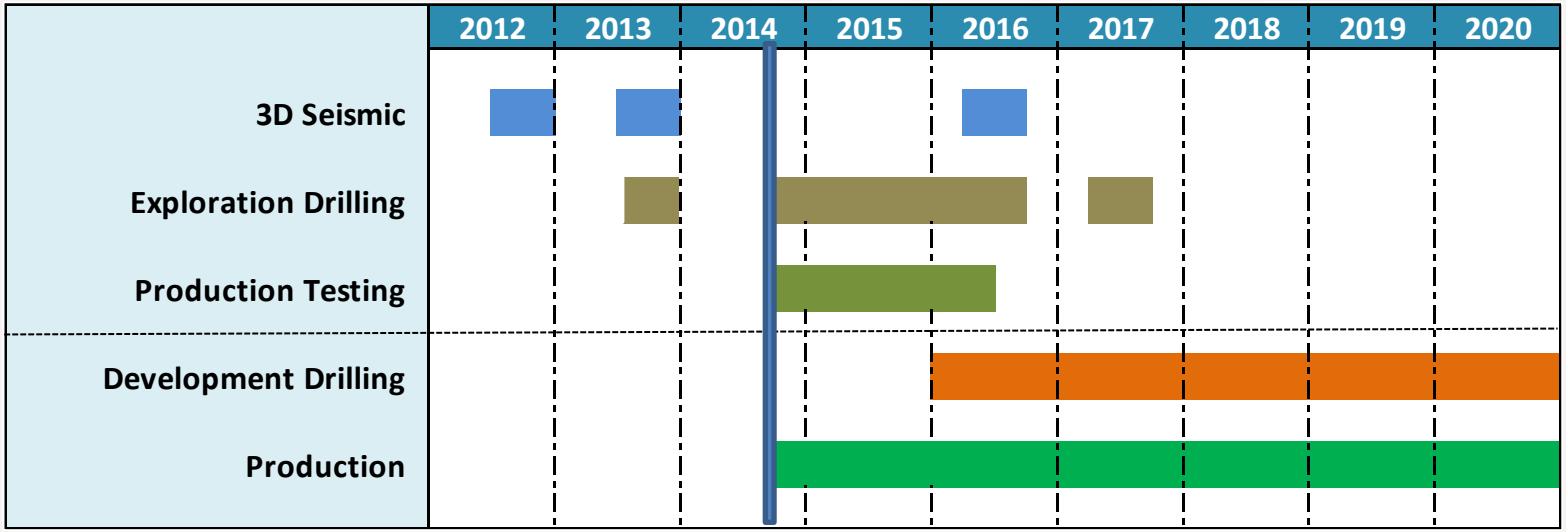
Northeast Nevada Exploration Plan

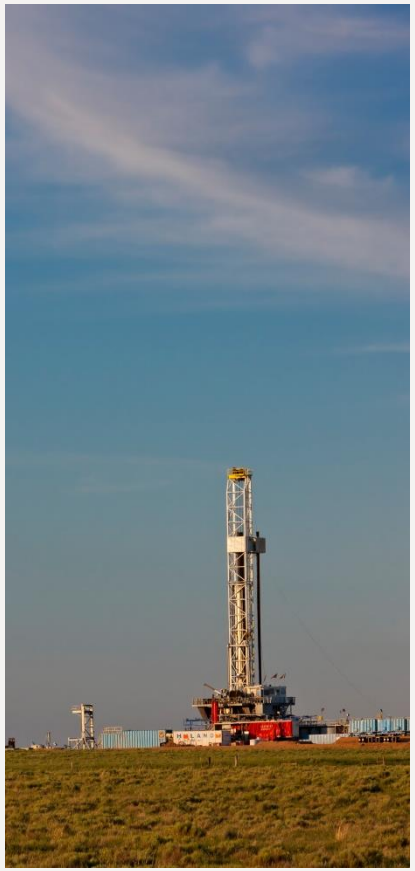
Potential success case



- **Significant exploration investment over 4 years (2011 – 2015)**
  - Leases
  - Seismic
  - Exploratory drilling

Project Status

- **Drilled 2 exploration wells in Humboldt Area in 2013**
  - Encountered Elko Formation
  - Oil shows during drilling
  - Hydrocarbon saturation present
  - Total organic content (TOC) present
- **Hydraulic fracture completions**
  - NDOM on location to witness both wells
- **EAs approved for Mary's River and Huntington Areas**
- **Next steps**
  - Long-term production test on first well
  - Evaluate horizontal vs. vertical approach
  - Additional exploratory drilling 4Q 2014



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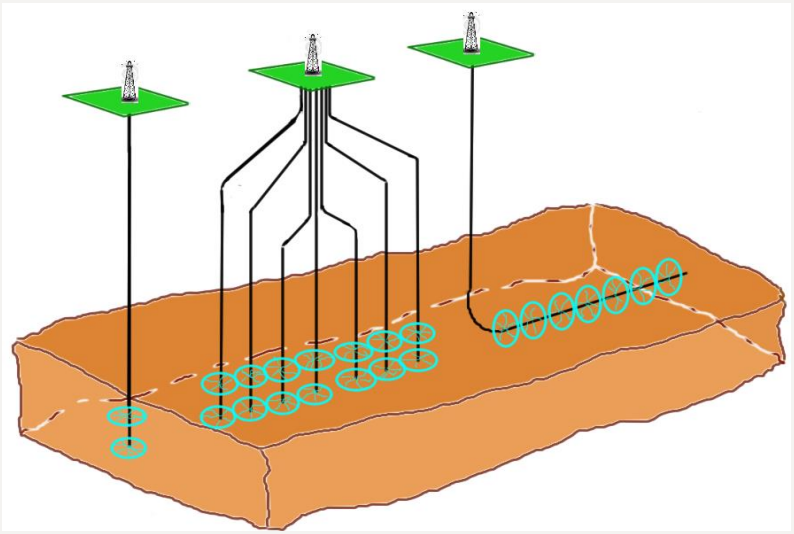
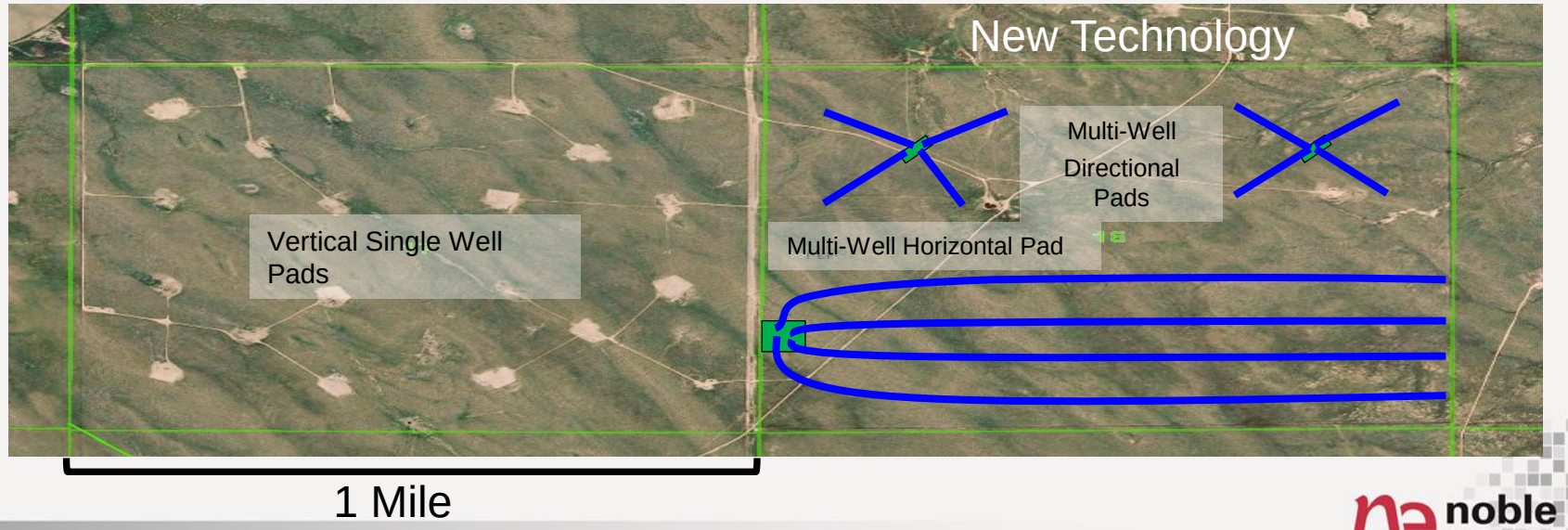
Reducing Our Footprint

- **Single Well Vertical Pad**
  - Access multiple pay zones vertically at single point
- **Multi-Well Directional Pad**
  - Access multiple pay zones vertically
  - Cover broad aerial extent from single surface location
- **Horizontal Pad**
  - Equivalent to several vertical wells in one zone only





Life Cycle of Well

- **Site Preparation: 3 – 7 Days**
- **Drilling:**
  - Typical development wells take 7 – 14 days
  - Exploration wells may take up to 60 days
- **Hydraulic Fracturing: 2 – 3 Days**
- **Evaluation of Facility Build: 30 – 60 Days**
- **Long-term Production: 20 – 30 Years**

7 – 60 days

2-3 days

Life of Well

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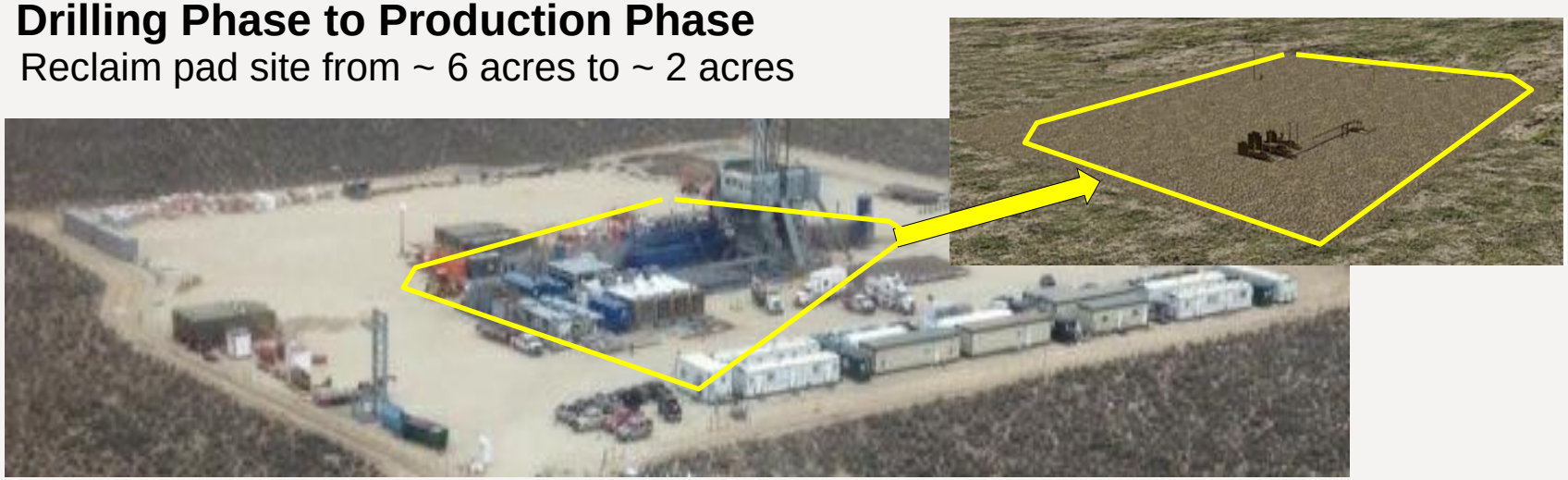
We Respect the Environment

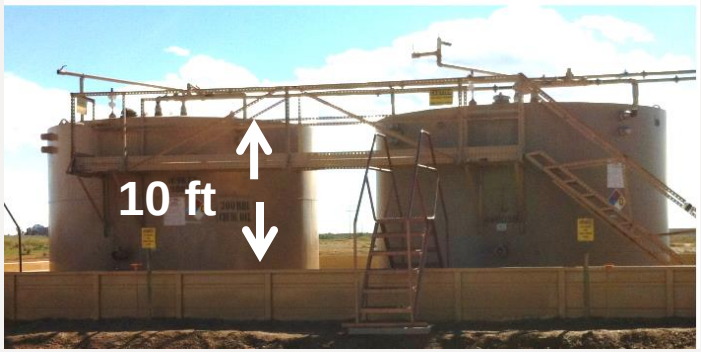
Best Management Practices

Drilling Phase to Production Phase

Reclaim pad site from ~ 6 acres to ~ 2 acres



Low-Profile Production Equipment



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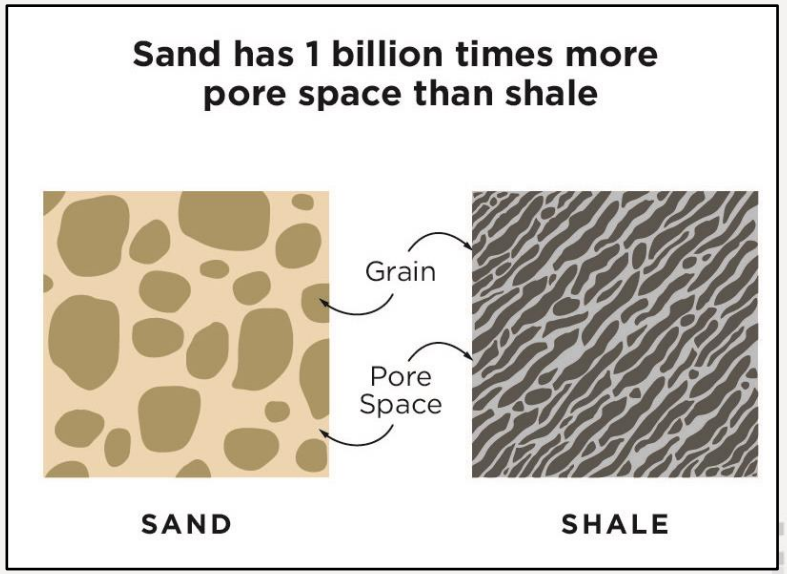
Hydraulic Fracturing

Increasing production

- **Geologic conditions (porosity and permeability) may trap oil and natural gas in underground rock formations**
  - Porosity is the percentage of the rock's volume that is open space, or pores, that can hold oil and natural gas
  - Permeability is the flow rate water, oil or natural gas can pass through pore spaces. Smaller pore spaces are more difficult – resulting in lower permeability.
- **View video**

- ✓ Hydraulic fracturing is used to create a connection between the small pore spaces – enabling trapped oil and natural gas to flow into well bores.
- ✓ The process enables recovery of oil and natural gas that would not otherwise be accessible.



Hydraulic Fracturing

A safe and responsible completion process

- 2 – 3 day process after drilling / before production
- Done safely and responsibly more than 60 years
- More than 90% of new U.S. wells are fracked
- Thousands of feet below freshwater aquifers
- Sand, water and chemicals are no secret – log on to fracfocus.org and see
- Several layers of cement and steel
- Dramatically increases production per well and decreases number of wells
- Reduces dependence on foreign oil in turbulent world

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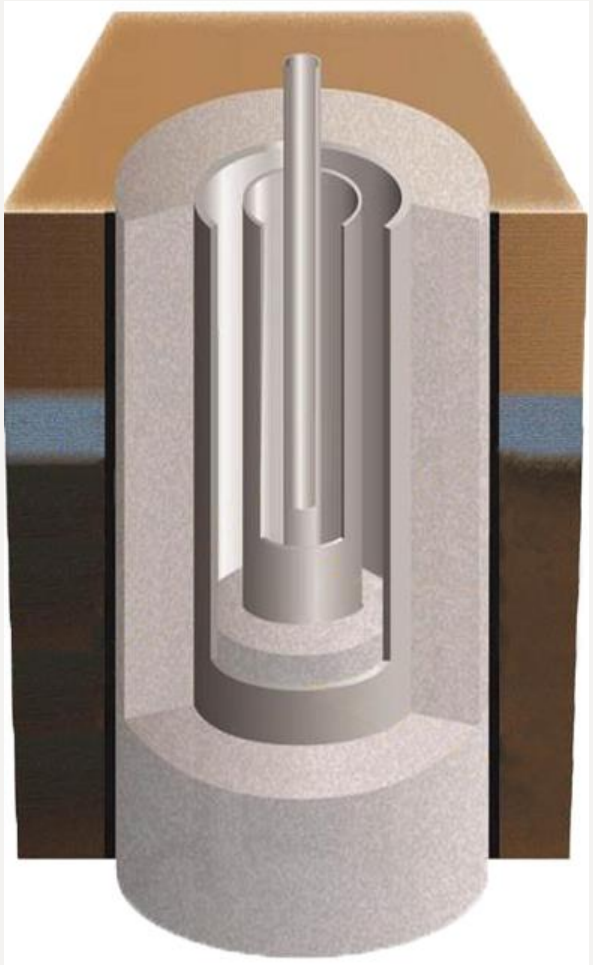
Wellbore Construction

Protecting Water and the Environment

- **Best available technology used to protect water and environment**
  - Engineers design wellbore construction
  - Isolation below surface through multiple layers of steel casing and cement
  - Experts monitor hydraulic fracturing that occurs thousands of feet below groundwater aquifers
  - Baseline water sampling before drilling and after completion to ensure water quality
- **Exploration wells drilled 6,000-12,000 feet below groundwater aquifers used by public**
  - Fresh water utilized by public is within a few hundred feet of the surface and is protected



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Water Resources

- **Sources**
  - Local groundwater through approved state permits and landowner sources
  - Back-up – excess supplies through local conservancy districts
- **Recycling**
  - Developed a rigorous recycling and reuse program in other areas
  - Anticipate recycling in Nevada, pending success in drilling
- **Produced water management options**
  - Treatment, reuse, recycle
  - Commercial disposal facilities
  - Permitted underground injection
  - Surface evaporation ponds
- **Desert Research Institute conducting a water aquifer study that will help guide our development plans**

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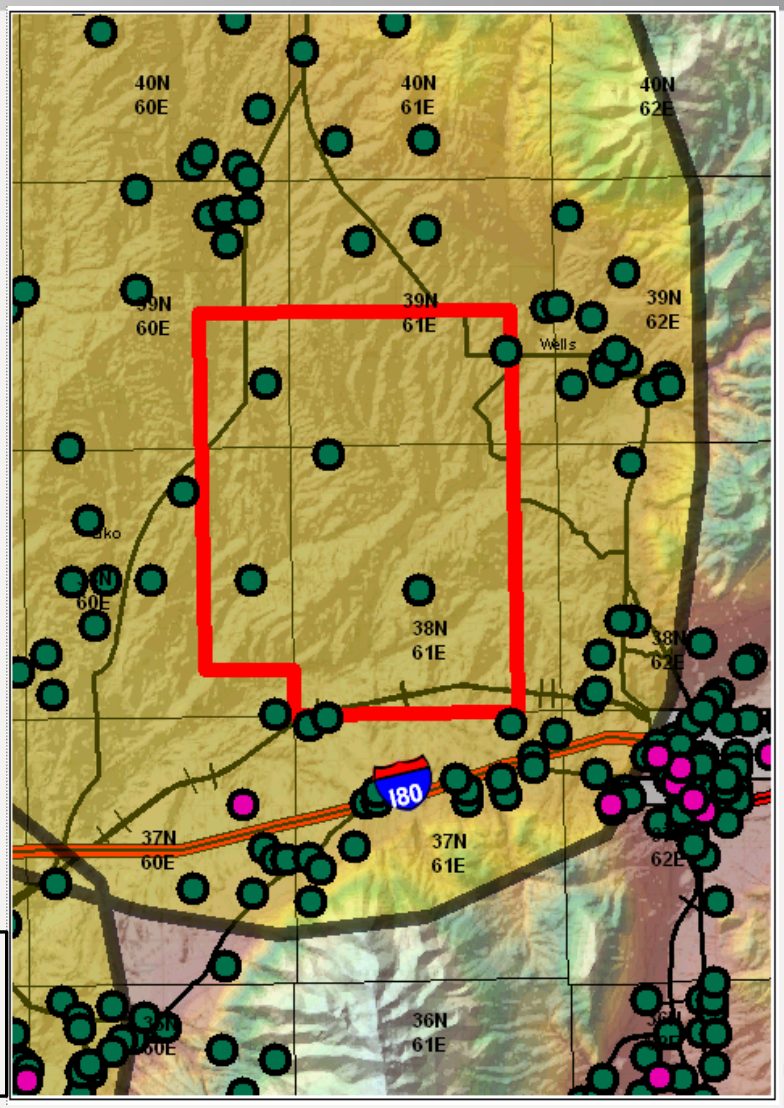
Groundwater Protection: Water Well Sampling

- One-mile radius review around each drilled well
- Predrill water-well sample collection and testing
- Retest following completion of final well on pad
- Exploratory wells drilled 6,000-12,000 feet below the surface – at least 1 mile deeper than groundwater wells



Air Quality and Wildlife

- **Air Quality**
  - Utilize emission controls to prevent elevated ground level ozone levels
  - Utilize produced natural gas to power equipment
  - Take measures to reduce truck traffic emissions
  - Utilize dust-suppression best-management practices, in compliance with Department of Environmental Protection
  - Reduce truck speeds for safety and dust suppression
- **Wildlife Protective Measures and Adaptive Management**
  - Conducted surveys to locate species and habitat
  - Operations designed to avoid or reduce impact
  - Implementing sage grouse protective measures
  - Conservation partnership with Barrick Mining

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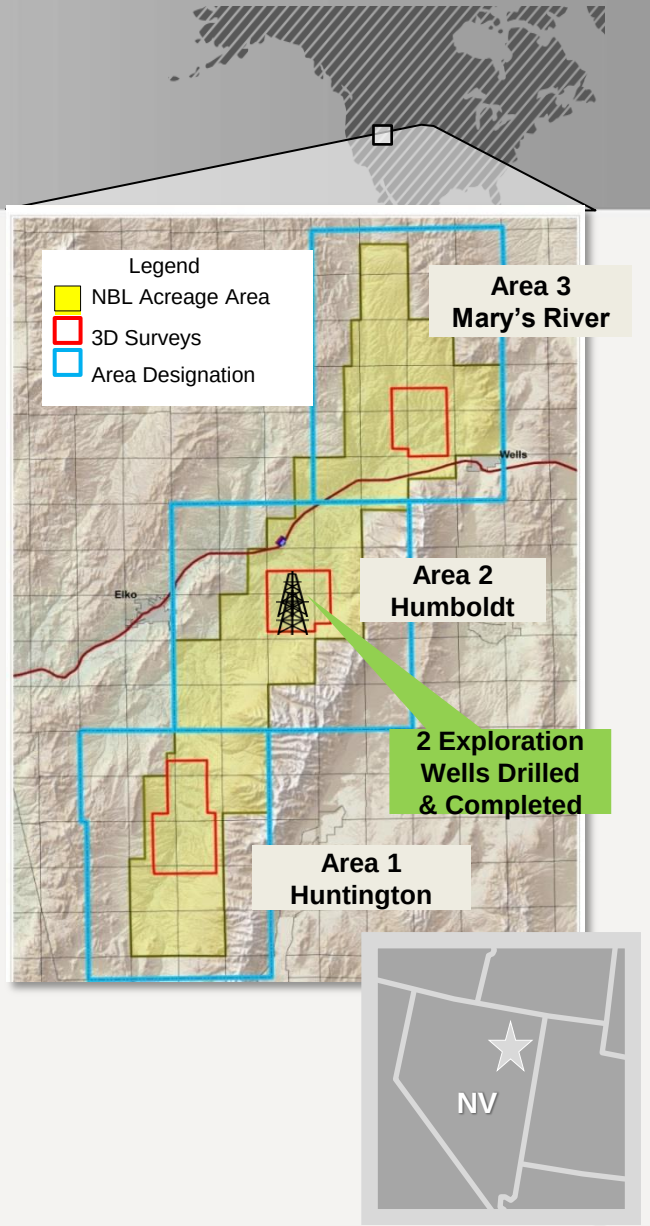
Northeast Nevada Exploration

- **Working together for the energy we need, the economy we want and the environment we value**
- **We are committed to protection of human health, the environment and wildlife**
- **Effective regulation is good for communities and for business**
- **We believe open and transparent communication is an integral part of safe and responsible energy development**



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